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Department of Planning and Development

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## Low-to-Moderate Income (LMI) Eligibility Guide

The following pages can be used in order to calculate your Household Income to determine whether it meets the Low-to-Moderate Income (LMI) limits set annually by the U.S. Department of Housing and Urban Development (HUD). These income limits from HUD are used to determine eligibility for select McHenry County Community Development Division programs that are funded through HUD:

- Community Development Block Grant programs (i.e. Microenterprise programs)
- Lead Safe Homes Program

### Definitions:

For the purposes of LMI income limits, a **Household** is defined as all persons living at the same address except for the following:

- live-in aides
- children of live-in aides
- children being pursued for legal custody or adoption who are not currently living with the household
- foster children (unless in Lead Safe Homes Program)

A Household may consist of multiple **families** (persons related by birth, marriage, or adoption). An unrelated individual is considered a separate family for these purposes, regardless of whether that individual lives alone or with another family. For example: If 5 related adults and 1 unrelated adult live at the same address, the 1 unrelated adult will count as a separate family.

**Household Income** is defined as the combined annual Adjusted Gross Income (per IRS form 1040 definitions) of all adults over the age of 18 who live at the address. This income figure should reflect what is expected to be earned for the next 12 months, and NOT an estimation of past earnings, though past earnings are used to create a starting point for projecting what will be earned in the future. Referencing your IRS Form 1040 from the last filed tax year will give you a good idea of what Adjusted Gross Income categories you may receive.

**Please read carefully and follow the instruction 'steps' throughout the document.**

**Step 1:** Please list all of the families that reside at the address, as well as the corresponding family members in each family.

	<b>FAMILY 1:</b>							
	<b>FAMILY MEMBER #1</b>	<b>FAMILY MEMBER #2</b>	<b>FAMILY MEMBER #3</b>	<b>FAMILY MEMBER #4</b>	<b>FAMILY MEMBER #5</b>	<b>FAMILY MEMBER #6</b>	<b>FAMILY MEMBER #7</b>	<b>FAMILY MEMBER #8</b>
<b>NAME:</b>								

	<b>FAMILY 2:</b>							
	<b>FAMILY MEMBER #1</b>	<b>FAMILY MEMBER #2</b>	<b>FAMILY MEMBER #3</b>	<b>FAMILY MEMBER #4</b>	<b>FAMILY MEMBER #5</b>	<b>FAMILY MEMBER #6</b>	<b>FAMILY MEMBER #7</b>	<b>FAMILY MEMBER #8</b>
<b>NAME:</b>								

	<b>FAMILY 3:</b>							
	<b>FAMILY MEMBER #1</b>	<b>FAMILY MEMBER #2</b>	<b>FAMILY MEMBER #3</b>	<b>FAMILY MEMBER #4</b>	<b>FAMILY MEMBER #5</b>	<b>FAMILY MEMBER #6</b>	<b>FAMILY MEMBER #7</b>	<b>FAMILY MEMBER #8</b>
<b>NAME:</b>								

<b>TOTAL HOUSEHOLD SIZE</b> *ADD TOGETHER ALL FAMILY MEMBERS

## **Step 2: Adult Income Calculations**

Calculate and list the expected Adjusted Gross Income for the next 12 months for each adult over the age of 18 that lives at the address, even if they are not earning income. To do so, please fill in the table(s) on the following pages.

### How to Calculate:

Annual Adjusted Gross Income, per IRS definition, is found by adding together a person's Annual Gross Income (income before taxes, fees, etc.) and subtracting IRS qualified deductions:

$$\text{Gross Annual Income (before taxes)} - \text{IRS Deductions} = \text{Annual Adjusted Gross Income}$$

Both income and deduction items are listed in the table(s) on the following pages.

Use IRS Form 1040 from the last filed tax year as a default projection for the next 12 months, and substitute information from any recent income earned in the last 2 months (i.e. last 2 months of paystubs). In this way, IRS Form 1040 will serve as a default projection of what will be earned in the next 12 months, unless income documentation indicates a change in the last 2 months.

Household Annual Income:	Adult #1 Annual Amount	Adult #2 Annual Amount	Adult #3 Annual Amount	Adult #4 Annual Amount
1. Wages, salaries, tips				
2. Taxable interest				
3. Dividend income				
4. Taxable refunds/ credits/offsets of state/ local income taxes				
5. Alimony received				
6. Business income (or loss)				
7. Capital gain (or loss)				
8. Other gains (or losses)				
9. Taxable amount of IRA distributions				
10. Taxable amount of pensions and annuities				
11. Rental real estate, royalties, partnerships, trusts, etc.				
12. Farm income (or loss)				
13. Unemployment compensation				
14. Taxable amount of Social Security benefits				
15. Other income				
16. Subtotal (lines 1-15)				
17. IRA deduction				
18. Medical savings account deduction				
19. Moving expenses				
20. One-half of self-employment tax				
21. Self-employed health insurance deduction				
22. Keogh and self-employed SEP and SIMPLE plans				
23. Penalty on early withdrawal of savings				
24. Paid alimony				
25. Subtotal (lines 17-24)				
26. Subtract line 25 from line 16. This is <i>Adjusted Gross Income</i> .....				

<b>Household Annual Income (Con.):</b>	<b>Adult #5 Annual Amount</b>	<b>Adult #6 Annual Amount</b>	<b>Adult #7 Annual Amount</b>	<b>Adult #8 Annual Amount</b>
1. Wages, salaries, tips				
2. Taxable interest				
3. Dividend income				
4. Taxable refunds/ credits/offsets of state/ local income taxes				
5. Alimony received				
6. Business income (or loss)				
7. Capital gain (pr loss)				
8. Other gains (or losses)				
9. Taxable amount of IRA distributions				
10. Taxable amount of pensions and annuities				
11. Rental real estate, royalties, partnerships, trusts, etc.				
12. Farm income (or loss)				
13. Unemployment compensation				
14. Taxable amount of Social Security benefits				
15. Other income				
16. Subtotal (lines 1-15)				
17. IRA deduction				
18. Medical savings account deduction				
19. Moving expenses				
20. One-half of self-employment tax				
21. Self-employed health insurance deduction				
22. Keogh and self-employed SEP and SIMPLE plans				
23. Penalty on early withdrawal of savings				
24. Paid alimony				
25. Subtotal (lines 17-24)				
26. Subtract line 25 from line 16. This is <i>Adjusted Gross Income</i> .....				

**Step 3:** Please calculate the total monthly household income (income of all adults/families combined) and record where the income falls on the income limits chart.

<p><b>TOTAL Household Income</b></p> <p>*Add together the income of all adults living at the address</p>

**Based on the household size from Step 1, is the total Household Income under the LMI eligibility limits in the table below?**

☐ Yes ☐ No

\*If you answered yes, the income you calculated is LMI eligible

Low-to-Moderate Income (LMI) Limits

Household Size	1	2	3	4	5	6	7	8
Income	\$51,000.00	\$58,250.00	\$65,550.00	\$72,800.00	\$78,650.00	\$84,450.00	\$90,300.00	\$96,100.00